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State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Outgoing
C0250005
#3862
DR

July 27, 2011

Kirk Nicholes
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720

Subject: Coal Hollow Drainage Control Adjustments, Alton Coal Development, Coal Hollow Mine Permit C/025/0005, Task ID #3862, Outgoing File

Dear Mr. Nicholes:

The Division has reviewed the drainage control plan that was provided on June 20, 2011.

The Division has determined that there are some deficiencies that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met, and an approval can be granted. Those deficiencies are listed as an attachment to this letter. Each deficiency identifies its author by that author's initials in parentheses; such that your staff can directly communicate with that individual should any questions arise relative to the preparation of Alton Coal Development's response to that particular deficiency.

The plans as submitted are denied. Please resubmit the entire application.

Although this application does not address alternatives for groundwater management, the Division is aware that Alton Coal Development is discussing an alternative to sediment pond storage with the Utah Division of Water Quality. If approved by the DWQ, then the MRP will need to be updated with a new groundwater management plan to address the diversion of upgradient source groundwater.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Coal Program Manager

DRH/PWB/sqs
Attachment
cc: Price Field Office
O:\025005.COL\WG3862\DEF3862.doc

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UTAH DNR
OIL, GAS & MINING

Deficiency List

Task No. 3862

Task Name Drainage Control Adjustments

The members of the review team included the following individuals:

April Abate [AAA]
Priscilla Burton [PWB]

[R645-301.732.300]: The MRP has been updated to reflect drainage ditch 2 (DD-2) as divided into two segments: DD-2A and DD-2B and meeting the design criteria for the 100-year, 24-hour storm. Refinements to DD-2A were discussed in the field with the operator on July 20, 2011. The upper segment of DD-2A as shown on Drawing 5-3 begins from the diversion point where DD-2B is directed to LRC. The segment of DD-2A begins north of the top soil haul road and drains a small undisturbed area between DD-2A and where the top soil haul road and the primary haul road intersect. The majority of this area slopes toward DD-2A which will direct runoff from this small undisturbed area to drain to DD-2A and ultimately collect in Sediment Pond #2. A smaller area slopes toward the primary haul road and could cause runoff from this undisturbed area to flow onto the road. The operator has agreed to blade a temporary ditch and direct the flow of runoff into LRC and to update Drawing 5-3 showing the temporary ditch. In addition, DD-2A continues south of the top soil haul road along a natural ephemeral channel. It was discussed previously with the operators to use this ephemeral channel as the logical place to locate DD-2A rather than the original location of the ditch proposed in the initial mine plan application which would have disturbed additional land unnecessarily. The operator agreed to strip the topsoil from this segment of DD-2A and isolate any headcuts in the drainage with sediment controls so as to minimize additional contributions of sediments originating from the undisturbed land surrounding DD-2A. [AAA]

[R645-301-512.100]: The culverts are now shown to be numbered on Map 5-3, however most of the culverts are located in the surface facilities area and it is difficult to discern the exact locations of where the individually numbered culverts are located due to the scale of the map. The Division suggests that either the operator present the culverts on Drawing 5-3 as a larger scale call out, or show them on the Facilitties and Structures Drawing 5-4 so that the culverts can more readable on a map. Moreover, one of the culverts servicing the haul road from the top soil pile is incorrectly labeled as a 24' culvert instead of a 24" culvert. [AAA]

[R645-301.742.220]: The Permittee has submitted an update to drawing 5-20 showing the construction details of the perforated pipe collection system to address groundwater seepage from the natural channel of Lower Robinson Creek. The drawing indicates that a 6 foot earthen berm will make up the margins of the equipment travel path. The MRP does address seepage that was identified in this area between 5-10 gallons per minute (see page 7-6 Section R645.301.721 of the MRP). Please provide a narrative description of

the proposed seep collection system for inclusion in the MRP. In the narrative, please indicate that a final as-built of Drawing 5-20 will be provided within one month of completion of the work. Once the narrative is received by the Division, conditional approval will be recommended to proceed with the construction of the seep collection system. [AAA]

[R645-301.733.100]: Allowable discharges under the Coal Hollow UPDES permit from the ponds have occurred. Please update the language in the MRP that currently states that all ponds are designed for total containment. [AAA]

[R645-728.320]: The MRP under Section 723.320 was corrected to more accurately reflect that selenium concentrations were detected in low concentrations and explained in further detail in Section 728.332. On page 7-35 of Section 728.320, the Permittee has clarified the language to reflect that neutralization potential greatly exceeded acid potential in all ***overburden*** and ***underburden*** samples. Based on the laboratory analytical data presented in Appendix 6-2 samples collected from initial exploration activities found that coal sample data indicated acid potential did exceed neutralization potential in samples CH-03-05, CH-01-05 and composite sample CH-08. The existing monitoring wells in the network that are screened in the coal seam include: Y-36, Y-38, Y-45 and Y-99 (A2). The operational water monitoring protocol for these wells is currently water level only on a quarterly basis. In order to better understand the acid/neutralization behavior of the groundwater in the coal seam and any overall negative effects to the hydrologic balance, the Division requests that these wells be monitored for acid-base groundwater laboratory analytical parameters quarterly (e.g. pH, acidity, alkalinity) for a minimum period of two years. At that time the data collected can be reevaluated to determine if any further actions are necessary. [AAA]